GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:4090
ANSWERED ON:14.12.2001
TEXTILES INDUSTRY
SUDARSANA E.M. NATCHIAPPAN

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have taken any steps to protect textiles industry from the open global competition after the elimination of the system with the total phasing out of the Multi Fibre Arrangement (MFA);

(b) if so, the details thereof; and

(c) the details about the report of the Working Group on the Textiles and Jute Industry for the Tenth Five Year Plan (2002-2007) ?

Answer

MINISTER OF STATE FOR TEXTILES (SHRI V. DHANANJAY KUMAR)

(a) & (c): In order to face the challenges of changing global scenario in textiles and to encourage investments for modernisation and upgradation of the textile industry, Government have taken a number of measures, which include:-

(1) Large additional quantities have been opened for most of the categories under the FCFS/RGE systems of the Quota Policies with a view to providing quotas to the garment and textile exporters on a continuos basis.

(2) In order to reduce transaction costs and time of the exporters, EMD/BG amounts have reduced for certain categories and the date for utilising quotas have been extended. Further, the L/C condition under the FCFS system has also been waived for all such categories which have quantities left over for the rest of the year.

(a) DEPB rates for certain textile products have been rationalised.

Besides, a `Textile Package` was announced in the Budget 2001-02 to strengthen domestic textile industry for meeting the growing global competition. Some of the important provisions of the `Textile Package` are:-

i) Excise duty structure on textile items has been generally rationalised to achieve growth and maximum value addition.

ii) Custom duty has been reduced from 15% to 5% on 159 specified textiles and garment machineries. In addition, 12 important items of machineries including shuttleless looms have also been exempted from countervailing duty. A programme has been announced to induct 50,000 shuttleless looms and to modernise 2.5 lakh powerlooms in the decentralised sector by 2004.

iii) Assistance under Technology Upgradation Fund Scheme (TUFS) providing for a reimbursement of 5% out of interest is available to textile industry for modernisation and upgradation. In addition, rate of depreciation allowance for machinery under TUFS has been raised to 50%.

iv) A provision of Rs.10 crores has been earmarked in the Budget 2001-02 for establishment of Apparel Parks for export of garments. Besides a provision of Rs.15 crores has been made for the Scheme for improvement of critical infrastructure facilities at major textile production centres.

(c) The Working Group on Textiles and Jute Industry for the 10th Five Year Plan constituted by the Planning Commission has submitted its report to the Planning Commission. The objective of the Tenth Plan is to enable the textile and apparel industry including their raw materials to `build world class state-of-the-art manufacturing capacities to attain and sustain a pre-eminent global standing in manufacturing and export of textiles and clothing and withstand pressures of import penetration and maintain a dominant presence in the domestic market.